

Message Text

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72

ACTION EUR-12

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FM USMISSION USBERLIN

TO SECSTATE WASHDC 420

AMEMBASSY BONN

INFO AMEMBASSY BERLIN UNN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USMISSION NATO

C O N F I D E N T I A L SECTION TWO OF TWO USBERLIN 175

(AB) BONDED WAREHOUSE (ZOLLVERSCHLUSSLAGER), IN WHICH DUTIABLE GOODS CAN BE STORED WITHOUT PAYMENT OF CUSTOMS DUTIES. THIS REQUIRES DOUBLE-LOCKED STRUCTURE WITH OWNER CONTROLLING ONE LOCK AND KEY AND CUSTOMS OFFICE OTHER.CUSTOMS OFFICIAL, WHOSE FEES PAID BY OWNER, MUST ALWAYS BE PRESENT WHENEVER WAREHOUSE OPENED OR CLOSED AND AS LONG AS IT REMAINS OPEN FOR DISPLAY PURPOSES.

(B) OPEN CUSTOMS WAREHOUSE (OFFENES ZOLLAGER), IN WHICH DUTIABLE GOODS MAY BE STORED FOLLOWING PAYMENT OF DEPOSIT EQUEAL TO IMPORT CHARGES PAYABLE ON VOLUME OF GOODS EXPECTED TO BE SOLD DURING SIX-WEEK PERIOD. SUCH WAREHOUSES ARE SUBJECT TO CUSTOMS INSPECTION AT ANY TIME.

(C) TRADE FAIRS AND EXHIBITIONS: REGULATIONS PROVIDE FOR IMPORTATION OF GOODS FOR DISPLAY PURPOSES ONLY UPON PAYMENT OF DEPOSIT EQUAL TO 10 PERCENT OF IMPORT CHARGES OTHERWISE PAYABLE.

4. IN AGREED PAPER DATED DECEMBER 6, 1971, ALLIED ECONOMIC ADVISERS REVIEWED THESE OPTIONS AND RECOMMENDED THAT MISSIONS INITIALLY SIMPLY INFORM SOVIETS OF PRO-
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CEDURE FOR BONDED WAREHOUSES. IF SOVIETS OBJECTED TO

EXPENSE INVOLVED IN MAINTAINING REQUIRED CUSTOMS GUARD, ALLIES WOULD THEN STATE THAT THEY HAD NO OBJECTION TO ESTABLISHMENT OF OPEN CUSTOMS WAREHOUSES OR, ALTERNATIVELY, OF SHOWROOMS ADJACENT TO BONDED WAREHOUSES WHERE GOODS MIGHT BE DISPLAYED ON WHICH 10 PERCENT EXHIBITION DUTY HAD BEEN PAID.

5. SUBJECT OF WAREHOUSES WAS FIRST RAISED WITH SOVIETS IN POLAD FORUM JANUARY 5, 1972, WHEN ALLIES SOUGHT TO PROBE SOVIET INTENTIONS. SOVIET COUNSELOR KHOTULEV SAID THAT TRADE ASSOCIATIONS INVOLVED WOULD REQUIRE AREA TO STORE GOODS WITHOUT PAYMENT OF DUTY AS WELL AS SHOWROOM IN SAME BUILDING WHERE GOODS COULD BE DISPLAYED. THEY WOULD WISH TO HAVE STOCKS ON HAND FOR SALE, ON WHICH NORMAL DUTIES WOULD SUBSEQUENTLY BE PAID. KHOTULEV ADDED THAT SOVIETS WERE IN NO HURRY AND SUGGESTED THAT OFFICE OF SOVIET FOREIGN TRADE ASSOCIATIONS, ONCE ESTABLISHED, TAKE CARE OF ARRANGING FACILITIES FOR WAREHOUSES.

6. AT MEETING OF POLADS WITH BONN GROUP ON MARCH 6, 1972, ALLIES, FRG, AND SENAT REACHED AGREEMENT ON OPTION COMBINING BONDED WAREHOUSE WITH SHOWROOM. SHARED VIEW WAS THAT THIS ARRANGEMENT WOULD MOST CLOSELY ACCORD WITH LANGUAGE OF AGREED MINUTE II, AND WOULD AT SAME TIME ENABLE US TO MAINTAIN DEGREE OF CONTROL. SOVIETS WOULD BE PERMITTED TO SELL ITEMS ON DISPLAY ON PAYMENT OF FULL IMPORT CHARGES, AND WOULD BE ABLE TO TAKE ORDERS FOR LIKE ITEMS.

7. WHEN ALLIED POLADS INDICATED AT MEETING WITH KHOTULEV ON APRIL 12 THAT THEY WERE READY TO DISCUSS WAREHOUSES AGAIN, LATTER SAID THAT SOVIET FIRMS WHICH WOULD USE WAREHOUSES WOULD FIRST WANT TO WORK OUT AGENCY ARRANGEMENTS WITH LOCAL PRIVATE FIRMS IN BERLIN. BONDED WAREHOUSES WOULD BE NEEDED ONLY WHEN THESE ARRANGEMENTS HAD BEEN CONCLUDED. KHOTULEV SAID FURTHER THAT RELATIONSHIP BETWEEN SOVIET AND LOCAL FIRMS WOULD NOT BE ON JOINT OR PARTNERSHIP BASIS, BUT LATTER WOULD HAVE EXCLUSIVE RIGHTS TO SELL SOVIET PRODUCTS. ACCORDING TO OUR RECORDS, THIS CONFIDENTIAL

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WAS LAST DISCUSSION OF SUBJECT WITH SOVIETS.

8. IN REOPENING TALKS WITH SOVIETS ON WAREHOUSES, ALLIED MISSION ARE IN AGREEMENT THAT INITIAL STEP SHOULD BE SIMPLY TO INQUIRE WHAT KIND OF ARRANGEMENTS THEY HAVE IN MIND. IF SOVIET PLANS DO NOT CONFORM WITH TERMS OF AGREED MINUTE II AND PERTINENT GERMAN LEGISLATION, ALLIES CAN THEN SUGGEST ACCEPTABLE ALTERNATIVES.

WITH CONCURRENCE OF US AND FRENCH MISSIONS, BRITISH
(CHAIRMAN) POLAD INFORMED SOVIET EMBASSY COUNSELOR RODIN
JANUARY 27 THAT ALLIES WISHED TO DISCUSS WAREHOUSE
QUESTION AND ASKED HIM TO BE PREPARED TO PROVIDE EXACT
DETAILS OF TYPE OF INSTALLATION SOVIETS WANTED

9. COMMENT: BRITISH MISSION HERE AND APPARENTLY ALSO
BRITISH EMBASSY BONN SEEM TO FAVOR REOPENING OF INTER-
ALLIED DISCUSSION ON WAREHOUSE OPTIONS TO BE PRESENTED
TO SOVIETS AFTER INITIAL PROBING. THEY CONSIDER THAT
ALLIES ARE IN NO WAY BOUND TO OFFER ONLY BONDED WARE-
HOUSES CUM SHOWROOM SOLUTION AGREED UPON IN BONN GROUP
IN MARCH 1972, AND SEEM TO FAVOR PROFFERING MORE OPEN
ARRANGEMENTS.GEORGE

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